GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA

UNSTARRED QUESTION NO:3574
ANSWERED ON:23.03.2017
Grid Parity
Karandlaje Km. Shobha;Simha Shri Prathap

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

(a) whether the solar energy sector is truly achieving Grid Parity and if so, the details thereof;
(b) whether renewable energy sources can generate electricity at the rate similar or equal to thermal power generation, if so, the details thereof;
(c) the details of various forms of subsidies and tax incentives available to solar and wind sectors in the country;
(d) whether it is also a fact that today renewable energy is a little more expensive than thermal power without subsidies;
(e) whether the Government offers a tax benefit called Accelerated Depreciation (AD) to all the solar projects that are not entitled to a direct capital subsidy; and
(f) whether one of the primary reasons for the development of wind sector in India is AD and if so, the details thereof?

Answer

THE MINISTER OF STATE FOR POWER, COAL, NEW & RENEWABLE ENERGY AND MINES (INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

(a): Yes, Madam. In a recent bid of 750 MW Solar Power project at Rewa in Madhya Pradesh, a levelised tariff of Rs. 3.30 per unit has been achieved, which is close to National Average Power Purchase Cost (NAPPC).
(b): Yes, Madam. With tariffs of Rs. 3.30/kWh and Rs. 3.46/kWh respectively in recent bids of solar and wind power projects, renewable energy sources can generate electricity at the rates similar to thermal power generation.
(c): The Government is promoting solar and wind energy through fiscal and promotional incentives such as capital subsidy, tax holiday on the earnings for 10 years, accelerated depreciation (AD), viability gap funding (VGF), financing solar rooftop systems as part of home loan, concessional custom duty and exemption on excise duty, preferential tariff for power generation from renewables, and Foreign Direct Investment up to 100 per cent under the automatic route etc. A Generation Based Incentive (GBI) is available in wind sector for the projects not availing AD benefit, under which Rs.0.50/unit generated is provided with a ceiling of Rs. 1.00 crore per MW.
(d): As mentioned in reply to point (a) above, solar power has reached grid parity.
(e): Accelerated Depreciation (AD) benefit is allowed to solar power projects as per Income Tax Act.
(f): No, Madam.
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